

## BELGIUM

# Retail Market Snapshot

First Quarter | 2018



## MARKET INDICATORS

### Market Outlook

Prime Rents:	Stable in most prime locations but non-core areas may see downward pressure due to vacancy problems.	▶
Prime Yields:	Yields seem to have bottomed out; some investors are re-assessing pricing and risk.	▶
Supply:	Shrinking development pipeline and future new supply hindered by restrictive planning laws.	▶
Demand:	Stable in core locations, but demand is expected to weaken in secondary markets.	▶

### Prime Retail Rents – March 2018

HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	1,850	214.8	0.0	0.5
Antwerp	2,000	232.2	5.3	2.1
Liege	1,075	124.8	-4.4	-0.5
Ghent	1,375	159.6	0.0	-2.4
Bruges	1,100	127.7	0.0	-1.7
Hasselt	1,250	145.1	0.0	2.6
OUT OF TOWN RETAIL (STAND ALONE RETAIL UNITS)	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	170	19.7	0.0	-0.6
Antwerp	165	19.2	3.1	1.9

### Prime Retail Yields – March 2018

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	3.15	3.15	3.25	5.25	3.15
Antwerp	3.15	3.15	3.25	5.25	3.15
Liege	4.75	4.65	4.80	6.00	4.65
Ghent	3.85	3.75	3.75	5.50	3.75
Bruges	3.95	3.95	3.95	5.50	3.95
Hasselt	4.65	4.65	4.65	5.75	4.65
OUT OF TOWN RETAIL (STAND ALONE RETAIL UNITS) (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	5.25	5.25	5.25	6.50	5.25
Antwerp	5.25	5.25	5.25	6.50	5.25
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Country prime	4.00	4.00	4.25	5.50	4.00

NOTE: Volumes below €25 million may result in sharper yields, approx. 50 to 100 basis points.

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

## Overview

Occupier activity was subdued in Belgium during the first quarter of 2018. Consumer confidence levels are high, underpinning the recovery of the economy overall, but sentiments are mixed because of relatively high vacancy levels. Investment volumes were boosted by the sales of several shopping centres.

## Occupier focus

Occupier activity was below average over Q1 2018 with 65,000 sq m of take-up registered. Demand is rather weak overall and there is especially vacancy in smaller towns and shopping galleries. This means that there are currently good opportunities for expanding retailers on the Belgian market. Nespresso is coming with its Boutique concept to Leuven Diestsestraat 74 (215 sq m). Dutch shoe brand VanHaren continues to be one of the most active players: it took 624 sq m in Diestsestraat 133 Leuven as well as 597 sq m in Hoogstraat 18 Hasselt but they also leased in three out-of-town locations (Schoten, Genk and Dendermonde) over the quarter. Pharma player Medi-Market also continued its expansion crossing over easily between out-of-town and shopping locations (Drogenbos, *Ring Shopping Kortrijk*, *Les Bastions* Tournai and *Ville 2 Charleroi*). Jack&Jones leased 231 sq m in Rue de Fer 83-85 Namur as well as in two Cora shopping (Anderlecht and Châtelineau).

## Investment focus

A total of €943m was transacted in the retail market in Q1. This volume was boosted to an exceptional level because of the sales of two important shopping centres: the old but very prime *W Shopping Centre* (Woluwe Brussels) and *Rive Gauche* in Charleroi which opened successfully last year with an impressive 8 million visitors during its first year. Both centres were acquired by international institutional investors. A third large shopping centre transaction (*Docks Bruxsel*), to be acquired by a Canadian fund, is expected to be finalised in Q2. The vast majority of purchases in other asset classes are by local private players.

## Outlook

The hardening of yields for prime products seems to have bottomed out as bond interest rates are expected to pick up again as from 2020. The outlook for secondary markets is less certain as occupiers and investors reassess risk.

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